

July 14, 2016

Holly Wolcott, City Clerk
200 N. Spring St., Room 360
Los Angeles, CA 90012

RE: Venice BID & 1307 Innes Place, Venice, CA 90291; APN: 4238011022

Dear Ms. Wolcott,

Upon the advice of Tara Devine of Devine Strategies, this letter is addressed to you with copies sent to The Honorable Mike Bonin, Debbie Dyner-Harris, and Miranda Paster.

We are writing because of the proposed Venice BID and the adverse impact it will have on our property. Based upon the state and city laws that Ms. Devine has cited us, the inclusion of our property, along with the adjacent property at 120 Westminster (and many others, we're sure) strikes us as arbitrary and inherently unfair.

While the concept of a Venice BID is sound in principal, and apparently effective in other parts of Los Angeles and the rest of the country, its application would place undue hardship on our ability to continue offering residential rentals. We have owned, lived in and managed a small fourplex, under rent control, in Venice for the past 20 years and, at present, lease out two of the units—both at below market rent.

The BID incorporates all commercial, industrial, and government-zoned parcels, but exempts all residential-zoned parcels except R4 and R5 (of which the Venice BID area has none, according to Ms. Devine). It is our misfortune that our parcel is, for whatever reason, zoned C4. The apartment building on our lot was built by Abbot Kinney in 1910 and has always, and only, operated as four small one-bedroom apartments. The larger multi-unit building next door at 120 Westminster has over a dozen units and is of similar age and always been used for residential purposes, but is zoned commercial as well.

Directly across the back alleyway (Park Row) from both buildings, there are two other multi-unit apartment buildings at 1302 & 1304 Pacific Ave., each with 7 or more units (we believe), but they are zoned residential. If you look at the enclosed proposed Venice BID map, you can see how they are exempted by a carved-out, zig-zag U-shape in our immediate area. Meanwhile, all the other parcels between Speedway and Pacific (all the way to Main on the other side of the Westminster dog park, including all the rest of Innes Place going northwest) are zoned residential and are exempt. Many of these properties are multi-unit rentals operated by absentee owners and/or professional management companies.

The proposed BID assesses our parcel not only on street frontage, but also on the alleyway, for a total of just under \$2,200 per annum. This represents a full 42% increase in our property taxes from 2014-15. Given the age of our fourplex, we are already hard-pressed financially to maintain the property in sound condition (which we do and will continue to, regardless). Also, in the interests of attracting and maintaining good long-term tenants, we have consistently offered the rental units at below market rents and do not raise the rents every 12 months, as we're allowed to under rent control. We occupy the other 2 units as our home.

At the same time, other multi-units in the area, including at least one of the aforementioned exempt buildings on Pacific, are running illegal Air BnB-type short-term rentals (this is another issue in itself, as many of their guests often party loudly late into the night, vomiting and urinating off the balconies). At least two of the originators of the BID proposal are being sued by the city for running illegal hotels. Their properties are not exempt, but if they were converted back to apartment buildings they would face larger tax bills, making it harder to offer affordable units. In any event, they are large beachside properties that I'm sure would command top rents. If you are interested in maintaining any semblance of affordable rental housing in Venice, you may wish to consider the impact of the BID on the small mom & pop residential operations such as ours that are included in the BID. Our current and future tenants will most likely have to share some or all of the brunt of the BID in terms of their monthly rent.

Our real dilemma is that there is apparently no redress under current state and city law to address our particular situation. I quote Ms. Devine:

"Here's what I do know:

- Regardless of whose decision it is, the City does not allow LA BIDs to include R-zoned properties within BID boundaries unless they are R4 or R5. (NOTE: There is currently no R4 or R5 within the area of the Venice BID; Venice may not even have any R4 or R5.)
- I have been told that R4 and R5 are eligible to be included and assessed because those zones allow mixed-use in LA (most commonly, this = residential over commercial.)
- Other cities in California interpret the state law differently.
- California BIDs are governed by the Property and Business Improvement District Act of 1994 (California Streets and Highways Code Section 36000 et seq.) (sic). The residential issue is (sic) in Section 36632(c), which states:

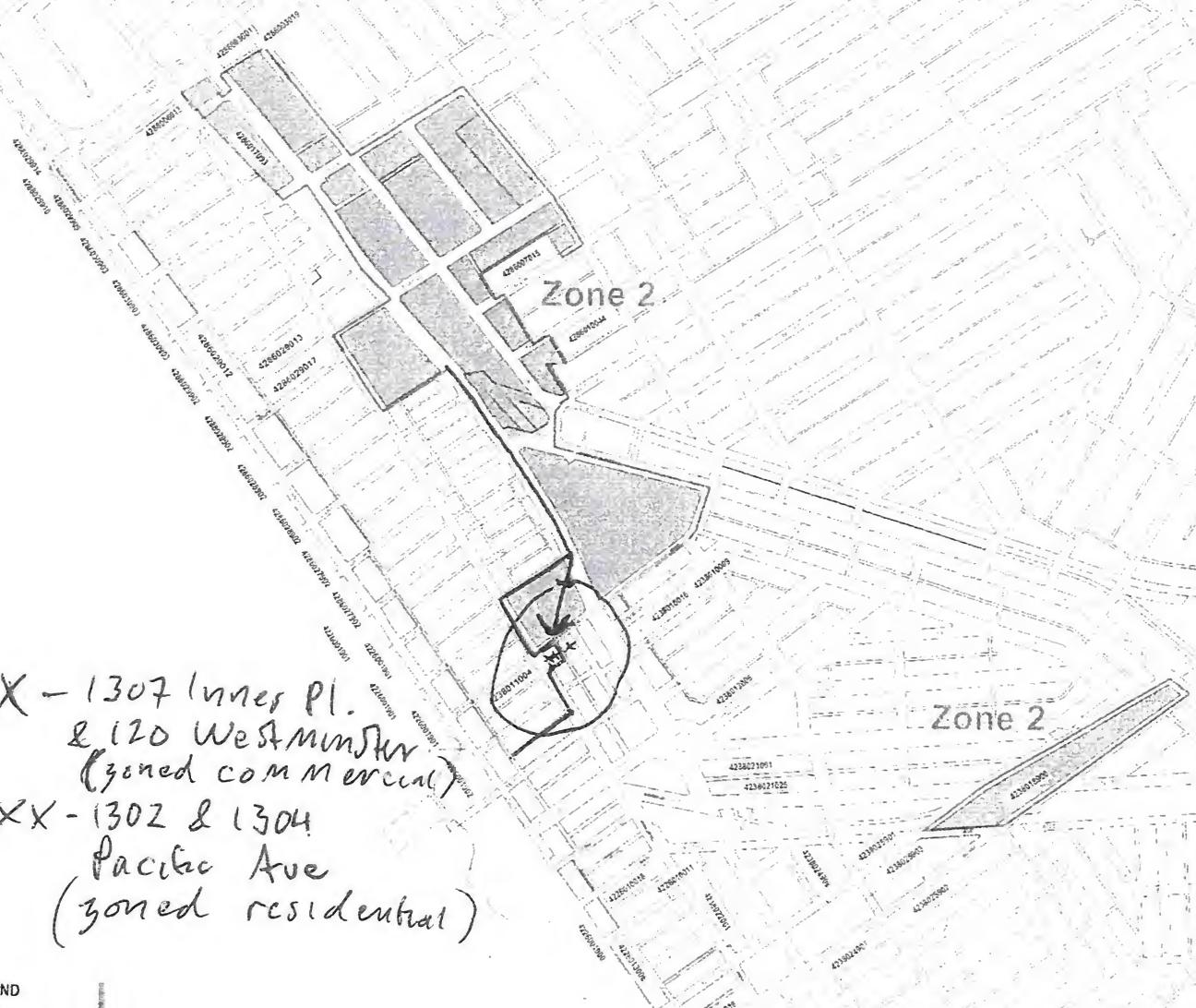
'Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.'

- No further reasoning or guidance is given in the statute (so as with many laws, we are left open to interpretations.)

P.S. Note that ZONING is the determinant and not use. This is per state law, and no city in CA can abridge this without being in violation of state law. I suspect that your issue will circle back to this point."

Proposed Venice Beach BID

City of Los Angeles



VENICE BEACH BUSINESS IMPROVEMENT DISTRICT – ENGINEER’S REPORT

The proposed BID programs, improvements and services and Year 1 – 2017 budget allocation by benefit zone are as follows (see beginning on page 19 of this Report for more detailed descriptions of proposed Venice Beach BID programs and services and how each parcel and land use type specially benefits):

Year 1 – 2017 District Special Benefit Cost Allocations (Assessment Revenue Only)

<u>YEAR 1 -2017</u>				
<u>ACTIVITY</u>	<u>ZONE 1</u>	<u>ZONE 2</u>	<u>TOTAL YR 1 - 2016</u>	<u>% of Total</u>
Clean & Safe	\$857,662	\$494,596	\$1,352,258	73%
District Identity & Special Projects	\$82,241	\$47,427	\$129,668	7%
Administration & Management	\$234,976	\$135,506	\$370,482	20%
TOTAL	\$1,174,879	\$677,529	\$1,852,408	100%

Assessed commercial/industrial parcels as well as commercial portions of mixed use parcels and government owned parcels with commercial uses and activities on them are conferred proportionate special benefits from all BID funded programs, services and improvements which are intended to attract more customers, users, visitors, employees, tenants and investors. For these parcels, BID programs, services and improvements are designed to increase business volumes, sales transactions, commercial occupancies, commercial rental income and return on investments. These programs, services and improvements are designed to improve commerce, security and aesthetic appeal for patrons, visitors and employees of these parcels within the Venice Beach BID by reducing crime, litter and debris and professionally marketing the array of goods and services available within the BID, all considered necessary in a competitive properly managed business district.

For Government owned and occupied parcels and facilities without commercial portions within the BID, each of these parcels specially benefit, but differently than commercial/industrial type parcels, from BID funded programs and services from cleaner and safer facilities for their employees, students, visitors, vendors and other users of these public locations and facilities. (See Step 1, beginning on page 28 of this Report for a more detailed explanation of assessment rates and special benefits for Government owned/occupied parcels). Government owned and occupied parcels and facilities will not benefit from district identity and special project programs and will not be assessed for them. In the case of assessed Government owned and occupied parcels and facilities, BID funded programs and services are designed to provide safer and enhanced facility frontages for their employees, students, visitors, vendors and users of these parcels and facilities.

For residential parcels and residential portions of mixed use parcels within the BID (all located on commercial or industrial zoned parcels), it is the opinion of this Assessment Engineer that each of these parcels and uses specially benefit similarly to commercial/industrial parcels, from the clean and safe and district identity and special project programs designed to improve the cleanliness, security, marketability and livability of these parcels and residential units on them. Since the majority of residential units within the Venice Beach BID are used as business enterprises, live/work units, rental units, or vacation rental units whether single family units, apartments or residential condominiums, it is the opinion of this Assessment Engineer that each residential unit shall be treated as an existing or potential for-profit business enterprise,

PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994

SECTION 36600 ET SEQ

36600. This part shall be known and may be cited as the "Property and Business Improvement District Law of 1994."

36601. The Legislature finds and declares all of the following:

- (a) Businesses located and operating within the business districts of this state's communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.
- (b) It is in the public interest to promote the economic revitalization and physical maintenance of the business districts of its cities in order to create jobs, attract new businesses, and prevent the erosion of the business districts.
- (c) It is of particular local benefit to allow cities to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that benefits from those improvements.
- (d) Assessments levied for the purpose of providing improvements and promoting activities that benefit real property or businesses are not taxes for the general benefit of a city, but are assessments for the improvements and activities which confer special benefits upon the real property or businesses for which the improvements and activities are provided.

36602. The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within a business improvement area. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

36603. Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

36603.5. Any provision in this part that conflicts with any other provision of law shall prevail over the other provision of law. 36604. This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

36606. "Assessment" means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and promoting activities which will benefit the properties or businesses located within a property and business improvement district.

36607. "Business" means all types of businesses and includes financial institutions and professions.

36608. "City" means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the public member agencies of which includes only cities, counties, or a city and county.

36609. "City council" means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

36616. "Tenant" means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

36617. This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

36620. A property and business improvement district may be established as provided in this chapter.

36620.5. A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

36621. (a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.

(b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:

- (1) A map showing the boundaries of the district.
- (2) Information specifying where the complete management district plan can be obtained.
- (3) Information specifying that the complete management district plan shall be furnished upon request.

(c) The resolution of intention described in subdivision (a) shall contain all of the following:

- (1) A brief description of the proposed activities and improvements, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements and activities and the location and extent of the proposed district.
- (2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

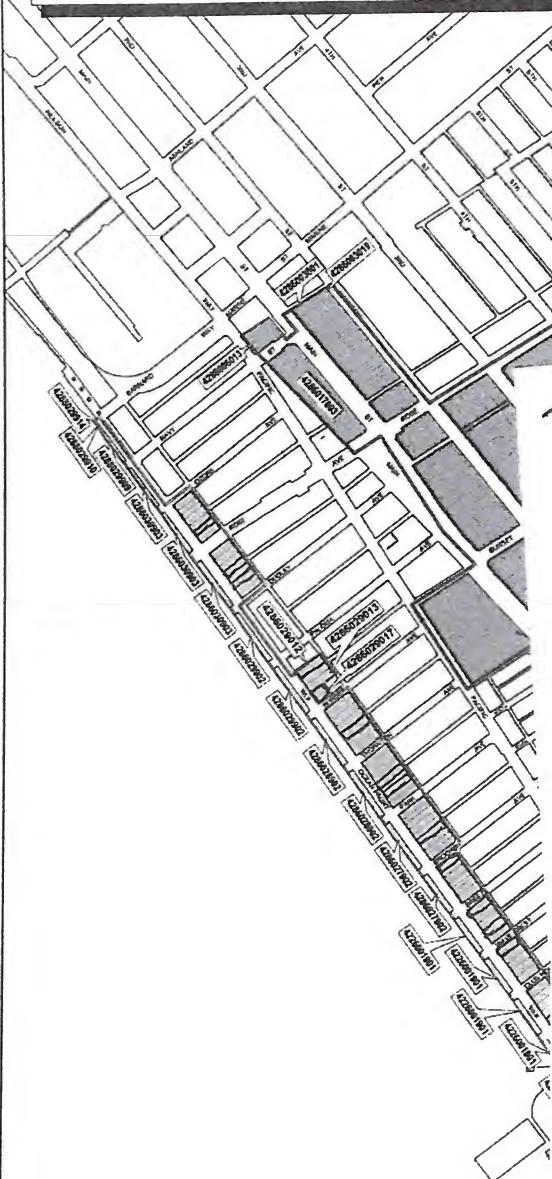
36622. The management district plan shall contain all of the following: (a) A map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district.

(b) The name of the proposed district.

(c) A description of the boundaries of the district, including the boundaries of any benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected lands and businesses included. Under no circumstances shall the boundaries of a proposed district overlap with the boundaries of another existing district created pursuant to this part. Nothing in this part prohibits the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law including, but not limited to, the Parking and Business Improvement Area Law of 1989.

Proposed Venice Beach BID

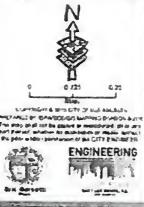
City of Los Angeles



■ - RSO but excluded from ass
 □ - RSO included in ass

LEGEND

- - Parcels - Zone 1
- - Venice BID - Zone 1
- - Parcels - Zone 2
- - Venice BID - Zone 2



Tricia,

Given the assess-
 ment amount, you'll
 need to decide whether
 to exclude all, some,
 none and basis. Staff
 can check individual
 properties for determinations.

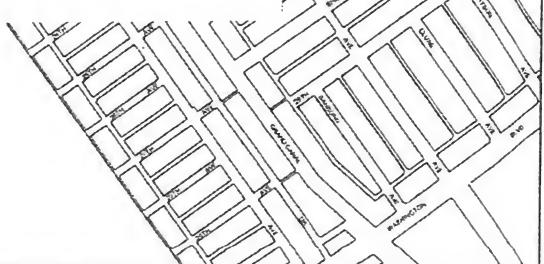
Or; Housing may have
 info on those properties.

Call Ana Ortegaz
 213-808-8551

or

Susan Groden

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PROPOSED VENICE BEACH BID PROPERTIES UNDER RENT STABILIZATION ORDINANCE							
Zone	AIN	House #	Direction	Street Name	Unit	Assessment	%
1	4226003001	2		BREEZE AVE		\$7,226.64	0.39%
1	4226003004	1011		OCEAN FRONT WALK		\$9,578.61	0.52%
1	4226004001	1101		OCEAN FRONT WALK		\$22,495.68	1.21%
1	4226005004	1217		OCEAN FRONT WALK		\$7,538.96	0.41%
1	4226006002	1305		OCEAN FRONT WALK		\$3,614.93	0.20%
1	4226006003	1307		OCEAN FRONT WALK		\$2,980.13	0.16%
1	4226006004	1313		OCEAN FRONT WALK		\$9,154.85	0.49%
1	4226008021	75		WINDWARD AVE		\$8,378.80	0.45%
1	4226011034	1809		OCEAN FRONT WALK		\$3,460.12	0.19%
1	4226013009	33	N	VENICE BLVD		\$2,152.70	0.12%
1	4226013010	35	N	VENICE BLVD		\$2,244.78	0.12%
1	4226013013	55	N	VENICE BLVD		\$2,903.02	0.16%
1	4226013016	2015		PACIFIC AVE		\$7,532.00	0.41%
1	4226014024	32	N	VENICE BLVD		\$2,222.54	0.12%
1	4238010009	233		SAN JUAN AVE		\$2,193.92	0.12%
1	4238010010	235		SAN JUAN AVE		\$2,193.92	0.12%
1	4238010011	237		SAN JUAN AVE		\$2,207.52	0.12%
1	4238010012	238		WESTMINSTER AVE		\$2,428.82	0.13%
1	4238010014	1340		MAIN ST		\$5,957.02	0.32%
1	4238010015	205		HORIZON AVE		\$2,268.29	0.12%
1	4238011004	1312		PACIFIC AVE		\$4,346.24	0.23%
1	4238011011	1426		PACIFIC AVE		\$6,656.00	0.36%
1	4238011014	1415		INNES PL		\$2,342.24	0.13%
1	4238011015	1411		INNES PL		\$3,662.56	0.20%
1	4238011016	1403		INNES PL		\$2,984.00	0.16%
1	4238011017	1401		INNES PL	UNIT A	\$4,450.72	0.24%
1	4238011022	1307		INNES PL		\$2,199.84	0.12%
1	4238011024	120		WESTMINSTER AVE		\$5,365.76	0.29%
1	4238011028	1320		INNES PL		\$2,156.64	0.12%
1	4238011033	1420		PACIFIC AVE		\$4,336.00	0.23%
1	4238012001	202		HORIZON AVE		\$3,739.59	0.20%
1	4238012002	208		HORIZON AVE		\$3,500.58	0.19%
1	4238012006	1426		MAIN ST		\$7,918.87	0.43%
1	4238013006	215		WINDWARD AVE		\$2,728.00	0.15%
1	4286027008	815		OCEAN FRONT WALK		\$2,592.93	0.14%
1	4286027010	8		BROOKS AVE		\$8,972.40	0.48%
1	4286028002	615		OCEAN FRONT WALK		\$3,918.96	0.21%
1	4286028010	715		OCEAN FRONT WALK		\$2,521.80	0.14%
1	4286028013	719		OCEAN FRONT WALK		\$2,409.66	0.13%
1	4286028016	717		OCEAN FRONT WALK		\$2,509.14	0.14%
1	4286030009	313		OCEAN FRONT WALK		\$2,667.57	0.14%
1	4286030011	319		OCEAN FRONT WALK		\$2,405.56	0.13%
1	4286030013	5		ROSE AVE		\$9,813.54	0.53%

TOTAL ASSESSMENT AMOUNT: \$202,931.85

10.97%

Precedent

MOTION

6 A

California law provides for the establishment of Property-based Business Improvement Districts, commencing with Streets and Highways Code section 36600. The establishment of Business Improvement District boundaries and the basis for assessments for properties therein, are based on an engineering assessment of the special and general benefits provided by the BID for each parcel and to the broader neighborhood.

The Council's role is to approve district plans, certify election results for balloted property owners, establish BID boundaries and facilitate the collection of the assessed revenues. California Streets and Highways Code section 36624, however, provides that the Council, "...may adopt, revise, change, reduce, or modify the proposed assessment...by reducing any or all of them."

The Council is considering the approval of the North Hollywood Transit BID on the agenda today, as Item #6.

Among the parcels assessed within the boundaries of the North Hollywood Transit BID are the single parcel for St. Paul's First Lutheran Church and two parcels for an adjacent parochial Pre-K through 8th Grade school associated with the church. The engineer's report for the BID identifies specific benefits provided for the church stemming from the BID and applies the same assessment formula to the adjacent church school. The engineer's report also includes a different assessment formula for LAUSD facilities, though they are involved in principally the same activities related to education as St. Paul's school, and St. Paul's school likewise provides its own security services.

To the extent that there is any shortfall in the BID budget stemming from the reduced assessment for the parochial school, it is appropriate to identify an alternative source of funding, in an amount not to exceed \$3411.07 per year for the life of the BID, to ensure that the BID is able to maintain its level of service.

I THEREFORE MOVE that the Council INSTRUCT the City Clerk to apply the same assessment formula as LAUSD campuses to the two parcels associated with St. Paul's parochial school, thereby reducing the school's assessment from \$5,750.55 to \$2,339.48, in recognition of the fact that the parochial school is similarly situated to LAUSD campuses and should be treated similarly.

I FURTHER MOVE that the Council INSTRUCT the CLA to report in one week with options as to the source of funding to cover the \$3411.07 shortfall in the BID budget stemming from the reduced assessment for the parochial school.

ADOPTED

AUG 01 2014

LOS ANGELES CITY COUNCIL

AUG 1 2014

Presented by:


Paul Krekorian
PAUL KREKORIAN
Councilmember, 2nd District

Seconded by:


Michael D. Dardary

ORIGINAL